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CENTRAL INTELLIGENCE AGENCY  
Office of the Chief, Economic Research  
Office of Research and Reports

Project Action Memorandum

Project No. 15.957  
Date: 5 August 1955

TITLE: Comparison of  
Chinese Official Statistics and ERA statistics for China Five Year Plan

REQUESTER: DD/I

TERMS OF REFERENCE AND PROBLEM:

Problem: Preparation of reply for DD/I to inquiry from [REDACTED]  
[REDACTED] on whether, and to what extent, figures by Si Fu'-Chun re Chinese Five  
Year Plan check with CIA estimates on selected group of items.

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Terms of Reference: Comparison of details in memorandum upon subject  
problem accompanying letter [REDACTED] and of the detailed targets  
for China's Five Year Plan shown therein with CIA estimates.

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RESPONSIBILITY:

|                                               | <u>Man-hours</u>          | <u>Due Dates</u> | <u>Concurrence<br/>(Initials)</u> |
|-----------------------------------------------|---------------------------|------------------|-----------------------------------|
| <u>Action Division:</u><br><u>Branch:</u>     | <u>D/A</u><br><u>A/F</u>  | <u>10</u>        | <u>10 Aug 55</u>                  |
| <u>Consulting Division:</u><br><u>Branch:</u> | <u>D/S</u><br><u>S/TR</u> |                  | <u>RVG</u>                        |
| <u>Staff:</u>                                 | <u>St/PR</u>              |                  | <u>J.C.M.</u>                     |

Principal Analyst: [REDACTED] 2603 25X1A

Project Monitor: [REDACTED] 2803

This project will not delay completion of currently scheduled projects.  
The classification of this project will be no higher than Confidential.

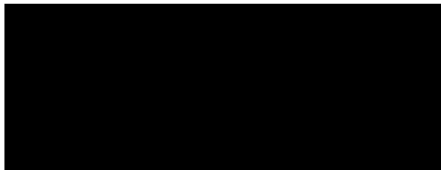
APPROVED [Signature] Ch/E

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*File 1P-407  
(Project 15.957)  
12 August 1955*

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In response to [REDACTED] of 2 August, I am enclosing a copy of the preliminary views of our China specialists concerning Communist China's First Five Year Plan and some tables of industrial capacity additions and production goals for the five year period. More thorough analyses of the various aspects of the plan are being undertaken, but the enclosures show that our people are in general agreement [REDACTED]

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Your remarks regarding coal production are in accord with our views, namely, that the coal extraction target for 1957 is feasible provided sufficient uses can be found for that amount of fuel.

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With reference to paragraph 16 [REDACTED] we agree that the Pei-p'ing government will be faced with chronic, seasonal inflation, but its controls over collection and distribution of consumer goods, prices, forced bond sales, and forced deposits of the public's funds in banks are apparently already so well developed as to enable the government to reduce the inflationary pressures of new demand created by its increasing wage payments. The question, then, becomes one of whether the supply of consumer goods will be adequate to satisfy the farmers and workers in each year subsequent to a bad crop year or in a series of such years. In our opinion, the maintenance of high rates of military expenditures and heavy industry investment under such conditions will be the most serious test to which the capabilities of the regime will be subjected. However, the facts that - despite agricultural setbacks due to the 1954 floods - (a) state trading in agricultural products substantially increased, (b) investment goals were realized in 1954, and (c) consumer goods production goals had to be reduced

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in 1955 without any apparent compromise in military expenditures and industrial investment - these facts indicate that the regime considers its controls adequate to withstand the severest kind of test.

As regards paragraph 19 of the paper, we believe it is as yet too early to determine the feasibility of the 1957 railway ton-kilometer goal. We have some indications that the Chinese Communists are confronting their railway congestion problem more comprehensively than in the past and that developments now underway may render the goal more practical of realization. The target for highway ton-kilometers seems fantastically high, but we are not sure that we fully understand the meaning of this figure. These matters will be dealt with in our forthcoming longer paper.

Robert Amory, Jr.  
Deputy Director/Intelligence

**Enclosures:**

1. Comments on Communist China's  
First Five Year Plan
2. Tables of Industrial Capacity  
Additions and Production Goals

**Distribution:**

Orig. & 1 - Addressee  
2 - DD/I  
2 - AD/RR  
1 - Ch/E  
1 - St/PC ✓  
1 - St/PR  
1 - D/A  
1 - A/F

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D/A/F:  :bs/2603 (9 August 1955)

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TABLE A.  
CAPACITY ADDITIONS TO CHINESE INDUSTRY  
BY PROJECTS STARTED IN FIRST 5-YR PLAN

| No. major projects<br>completed                                   | Steel 1,000,000<br>metric tons | Coal 1,000,000<br>metric tons | Cement 1,000,000<br>metric tons | Electric power<br>m. kilowatts | Spindle inventory<br>million spindles |
|-------------------------------------------------------------------|--------------------------------|-------------------------------|---------------------------------|--------------------------------|---------------------------------------|
|                                                                   | 1.8*                           | 67*                           | 4.0*                            | 2.4*                           | 5.2*                                  |
| approximate 1952 capacity                                         |                                |                               |                                 |                                |                                       |
| additions in 1953 and 1954                                        | 4                              | 13                            | .7                              | .53                            | .70                                   |
| additions in 1955, 56 and 57                                      | 2.1                            | 41                            | 1.7                             | 1.52                           | .95                                   |
| additions in 1953-1957                                            | 2.5                            | 54                            | 2.4                             | 2.05                           | 1.65                                  |
| additions after 1957 by<br>projects started in<br>first 5-yr plan | 3.6                            | 39                            | 1.2                             | 2.01                           | .24                                   |
| TOTAL INCREASE IN CAPACITY                                        | 6.1                            | 93                            | 3.6                             | 4.06                           | 1.89                                  |
| TOTAL CAPACITY AFTER ALL<br>PLAN PROJECTS COMPLETED               | 7.9                            | 160                           | 7.6                             | 6.46                           | 7.09                                  |

\* 1954 output figures, when most industries were operating at nearly full capacity, less the reported capacity increase in 1953 and 1954.

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TABLE B.

|                                                                   | Sugar<br>metric tons<br>300,000 | Power-generating<br>equipment-kilowatts<br>0 | Railway lines<br>kilometers<br>24,232 | Motor vehicles<br>units<br>0 | Tractors<br>50-hp units<br>0 | Chemical fertilizers<br>metric tons<br>350,000 |
|-------------------------------------------------------------------|---------------------------------|----------------------------------------------|---------------------------------------|------------------------------|------------------------------|------------------------------------------------|
| approximate 1952 capacity                                         |                                 |                                              |                                       |                              |                              |                                                |
| additions in 1953 and 1954                                        | 109,000                         | --                                           | 1,400                                 | --                           | --                           | --                                             |
| additions in 1955, 56 and 57                                      | 319,000                         | --                                           | 2,600*                                | --                           | --                           | --                                             |
| additions in 1953-1957                                            | 428,000                         | 800,000                                      | 4,000*                                | 30,000                       | 0                            | 280,000                                        |
| additions after 1957 by<br>projects started in<br>first 5-yr plan | 132,000                         | 0                                            | --                                    | 60,000                       | 15,000 (in<br>1959)          | 630,000                                        |
| TOTAL INCREASE IN CAPACITY                                        | 560,000                         | 800,000                                      | --                                    | 90,000                       | 15,000                       | 910,000                                        |
| TOTAL CAPACITY AFTER ALL<br>PLAN PROJECTS COMPLETED               | 860,000                         | 800,000                                      | 28,232*<br>(by 1957)                  | 90,000                       | 15,000                       | 1,160,000                                      |

\*1954 output figures, when most industries were operating at nearly full capacity, less the reported capacity increase in 1953 and 1954.

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TABLE C.  
INDUSTRIAL PRODUCTION AND RAILROAD FREIGHT VOLUME, 1953-1957

|                               | 1952 output |  | 1954 output |  | 1957 output |  | Increase 1957 over 1952 |  | Average annual increase in 53-54 |  | Increase planned 1955 over 1954 |  | Average annual increase planned in 1956 & 1957 |  |
|-------------------------------|-------------|--|-------------|--|-------------|--|-------------------------|--|----------------------------------|--|---------------------------------|--|------------------------------------------------|--|
|                               | absolute    |  | absolute    |  | absolute    |  | per cent                |  | per cent                         |  | per cent                        |  | per cent                                       |  |
| steel (m.m. tons)             | 1.35        |  | 2.22        |  | 4.12        |  | 205%                    |  | 28%                              |  | 18%                             |  | 25%                                            |  |
| coal (m.m. tons)              | 64          |  | 80          |  | 113         |  | 78%                     |  | 12%                              |  | 15%                             |  | 11%                                            |  |
| cement (m.m. tons)            | 2.9         |  | 4.6         |  | 6.0         |  | 110%                    |  | 27%                              |  | 22%                             |  | 3%                                             |  |
| electric power (b. kWh.)      | 7.3         |  | 11.0        |  | 15.9        |  | 119%                    |  | 23%                              |  | 19%                             |  | 10%                                            |  |
| cloth*(b. meters)             | 4.1         |  | 5.6         |  | 6.0         |  | 47%                     |  | 17%                              |  | not reported                    |  | 3% (55-57) annual average                      |  |
| railroad freight (b. ton-kms) | 59          |  | 93          |  | 121         |  | 103%                    |  | 24%                              |  | 9%                              |  | 9%                                             |  |

\* apparently the cotton cloth equivalent of yarn production

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CENTRAL INTELLIGENCE AGENCY  
Office of the Chief, Economic Research  
Office of Research and Reports

9 August 1955

(Date)

TO: Chief, Economic Research

FROM: Chief, Planning and Review Staff

SUBJECT: Transmission of Draft Report, Cr/L Project No. 15.957

Title: Comparison of Chinese Official Statistics and ERA Statistics

25X1A for China Five Year Plan

Author: [REDACTED]

REMARKS: Subject draft report (original and two copies)

1. This report is forwarded herewith for review and publication. Recommended Category: ☒ Other
2. Statement of coordination attached, with initials of individuals and their units.  
Consulted with S/TR
3. Arrangements for maps and/or graphics through Cr/L with Cartographic Division.
4. Recommended Dissemination: ☒ Standard ☒ Requester ☐ Other, Foreign, etc. (attach list)
5. Has information on US military and products or manpower been used? Explain.  
NA
6. Has direct use been made of the intelligence or information of another agency? No
7. Have all sources been considered in the preparation of this report? Yes
8. Man-hours utilized by this division in producing this report: 10  
Branches or other CIA Divisions contributing to this report, and (if available) man-hours utilized by each:
9. Estimate Cards: ☐ Have been submitted to Central Economic Estimates File.  
☐ Are attached. NA

10. The analyst responsible for consultation is:

25X1A

A/F

2603

(Name)

(Branch)

(Extension)

11. Gaps in intelligence procedures of the Analysts' Manual Notice (check one)

a. Intelligence information gaps disclosed in this project are covered specifically in existing collection requirements. ☒b. Those intelligence information gaps disclosed in this study which were not previously filled as requirements have been transmitted to Cr/L in the form of a requirements memorandum a copy of which is attached. ☐c. Status is supplementary to this project. ☐

12. Comments:

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Chief, Analysis Division

The classification of this transmittal sheet will be changed to conform to the classification of the draft report which it covers.